

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-88-E - ORDER NO. 2014-297

APRIL 8, 2014

IN RE:	Request of South Carolina Electric & Gas)	ORDER APPROVING
	Company to Decrease Its Rate Rider Related)	DECREASE IN RATE
	to Pension Costs from \$0.00051 to \$0.00004)	RIDER RELATED TO
	Per Kilowatt Hour)	PENSION COSTS

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the request of South Carolina Electric & Gas Company (“SCE&G” or the “Company”) to decrease its Rate Rider Related to Pension Costs (“Pension Rider”). Specifically, SCE&G seeks approval to decrease the Pension Rider from \$0.00051 to \$0.00004 per kilowatt hour (“kWh”) for all retail electric rate schedules, which equals a \$0.00047 per kWh reduction. The Commission initially approved the Pension Rider as a mechanism for SCE&G to recover its pension costs related to retail electric operations by Order No. 2012-951 (December 20, 2012), and it is subject to an annual true-up depending on the conditions of financial markets and other factors.

SCE&G explains it is making this request because of the financial market’s recent performance, rising interest rates, the Company’s decision to close its pension plan to new entrants as of January 2014, and the cessation of benefit accruals as of January 1, 2024, that have decreased pension costs. According to the Company, a projected over-

collection of pension costs of approximately \$10.3 million will occur by April 2015 without the reduction.

SCE&G further requests that the Pension Rider reduction become effective on May 1, 2014. It seeks this effective date of the decrease to coincide with the effective date of its annual fuel proceeding rates in Docket No. 2014-2-E. In that Docket, the Company is simultaneously proposing an offsetting increase to its base fuel factor of the same \$0.00047 per kWh. SCE&G states the resulting increase in fuel cost collections will reduce the under-collected fuel cost balance by approximately \$10.3 million, which is an amount equal to the reduced collections from the proposed reduction in the Pension Rider. The Company indicates the net effect to customers is neutral.

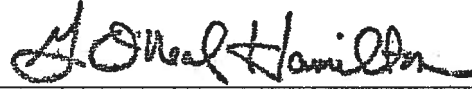
The Office of Regulatory Staff has reviewed the Pension Rider reduction and has no objection to SCE&G's request.

We find that this matter does not require a determination of the Company's entire rate structure and overall rate of return and therefore allow the Pension Rider reduction to be implemented without notice and hearing as contemplated by S.C. Code Ann. § 58-27-870(F). Further, we find that the requested reduction in the Pension Rider is allowed under the annual true-up provision of Order No. 2012-951. Last, SCE&G has demonstrated that the condition of the financial markets and other factors mentioned above indicate a need to reduce the Pension Rider as requested.

Therefore, the Pension Rider reduction of \$0.00047 per kWh is approved, to become effective on May 1, 2014.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



Nikiya Han, Vice Chairman

(SEAL)